

Mr. DOMENICI. Madam President, parliamentary inquiry. Are we open for matters as if in morning business?

The PRESIDING OFFICER. That is correct.

PROHIBITION OF FUNDS FOR LOBBYING

Mr. DOMENICI. Madam President, I have a number of responsibilities here. One of my new ones is to be the ranking Republican member of Appropriations Subcommittee on Commerce, Justice, State, and Judiciary and related agencies. Within the purview of that subcommittee lies the Small Business Administration as well as the Department of Commerce. The entire Department gets its funding through that subcommittee's appropriations bill.

In that light, I have a statement that I would like to make so that the Senate will know what I have requested of the Secretary of Commerce and the Small Business Administration.

Yesterday, the President presented to the Congress his legislative proposal for health care reform. There will be a lot of debate on this issue in the coming year in the Congress, on the airwaves, and in the print media. It is a very complex issue, and we will be looking to many people for information on it, and analysis of it. The President's health care plan will be part of that as will other health plans.

I am concerned, however, that the administration may be using funds that were appropriated to Department of Commerce and the Small Business Administration to indirectly lobby in favor of this plan which I think may very, very well be a violation of the provision of law that prohibits the use of such funds for lobbying activities. I hope the administration will look into this. I make no accusations as to why they did it or whether some might not even have known that the law existed. But I think the facts are pretty clear, and so is the law.

Section 1913 of title XVIII of the United States Code states:

No part of the money appropriated by any enactment of Congress shall be used directly or indirectly to pay for any printed or written material or other device intended or designed to influence any Member of Congress, to favor or oppose by vote or otherwise any legislation or appropriation by Congress whether before or after the introduction of any bill proposing such legislation or appropriation.

Last month the Small Business Administration and the Department of Commerce prepared and published a brochure entitled "The Health Security Act: Benefits for Business." This brochure is not a general description of existing health care plans, their impact on small businessmen and women. It is not an informational brochure discussing various options for health care for the future. It is purely and simply a publication advocating the President's health care plan, a plan I might add which was not submitted to the Con-

gress until yesterday. The brochure includes numerous references to the Health Security Act and clearly is intended to be part of the effort to generate political support for the President's health care legislation.

At the beginning of this brochure, a letter from the President is included which states in part,

The battle for health care reform will be fierce. Special interests who benefit from the current system will try to drown out your voice and keep us on a road that will only increase your costs and decrease America's competitiveness.

The clear implication is that those who oppose the President's health care plan in whole or in part are part of these special interests. The SBA is also establishing a toll-free number to provide information not on health care in general, but on the Health Security Act in particular. A memorandum sent by the agency to staff of the Appropriations Committee states, "We are planning to provide interested small businesses preliminary estimates of health care costs and coverage under the Health Security Act through a 1-800 information line."

Again, Madam President, this is an explicit effort to generate support for the President's Health Security Act with the use of appropriated funds. In some ways this is a minor matter. The amount of direct Federal funds involved in printing and distributing this material probably does not exceed \$100,000. However, it is troubling that this administration has attempted to use this brochure to influence the public debate and indirectly lobby for its legislative package by using the scarce resources of the Small Business Administration that many of us I am sure would think could be better used for other purposes.

It is interesting to note that 10,000 of these brochures were provided to the Democratic National Committee for distribution and dissemination. Clearly, the SBA and the Commerce Department intend that these brochures be used for political purposes.

This administration took office professing to believe in high ethical standards for public officials. And I do not know, frankly, whether this incident illustrates mere incompetence. It may very well be that. Or is it an attempt to influence the political debate and thereby the Congress? In either case, I ask that Secretary Brown and Small Business Administrator Erskine Bowles to repudiate this effort and to take immediate steps to cease using appropriated funds to print and distribute this brochure.

Madam President, Republicans are interested in a bipartisan, cooperative effort to reach a compromise on health care reform. I think I heard that said by both Democrats and Republicans yesterday. I think I heard it said unequivocally by our President. Efforts by the administration to make this a partisan political debate, and turn it

into that, do not help us reach that end.

I ask unanimous consent that two letters I sent to Secretary Brown and Administrator Bowles be printed in the RECORD at this point, as well as a memorandum from the SBA on the costs and distribution of this brochure, the pages of the brochure, and the memo from the Small Business Administration to John Shank, the Republican clerk.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
COMMITTEE ON APPROPRIATIONS,
Washington, DC, October 27, 1993.

Hon. RON BROWN,
Secretary of Commerce, Department of Commerce, Washington, DC.

DEAR MR. SECRETARY: I am writing to bring to your attention a possible problem involving material being printed and distributed jointly by the Department of Commerce and the Small Business Administration.

The two agencies have prepared a brochure entitled "The Health Security Act", a copy of which is enclosed. The brochure is a description of the President's health care plan, which as you know has just been formally transmitted to the Congress.

I am concerned that the publication and distribution of this brochure with appropriated funds may violate the provisions of 18 U.S.C. 1913, which states that "(n)o part of the money appropriated by any enactment of Congress shall . . . be used directly or indirectly to pay for any . . . printed or written material, or other device, intended or designed to influence in any manner a Member of Congress, to favor or oppose, by vote or otherwise, any legislation or appropriation by Congress".

I am writing to ask you to review this matter immediately and, if you determine the above provision of law is being violated: (1) take action to identify those individuals who may have been involved in said violation; and (2) cease further publication and distribution of this brochure.

Thank you for your attention to this matter.

Sincerely,

PETE V. DOMENICI,
Ranking Minority Member, Subcommittee on Commerce, Justice, and State, the Judiciary and related agencies.

U.S. SENATE,
COMMITTEE ON APPROPRIATIONS,
Washington, DC, October 27, 1993.

Hon. ERSKINE B. BOWLES,
Administrator, Small Business Administration, Washington, DC

DEAR ADMINISTRATOR BOWLES: I am writing to bring to your attention a possible problem involving material being printed and distributed jointly by the Department of Commerce and the Small Business Administration.

The two agencies have prepared a brochure entitled "The Health Security Act", a copy of which is enclosed. The brochure is a description of the President's health care plan, which as you know has just been formally transmitted to the Congress.

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Thank you for your attention to this matter.

Sincerely,

PETE V. DOMENICI,

Ranking Minority Member Subcommittee on Commerce, Justice, and State, the Judiciary and related agencies.

U.S. SMALL BUSINESS ADMINISTRATION,
Washington, DC, October 8, 1993.

To: John Shank

From: Kris Swedin

Re: Questions on Brochure.

This is in response to your inquiry on a brochure "The Health Security Act—Benefits to Business." This publication was created jointly by the Small Business Administration and the Department of Commerce to educate the business community, and small firms in particular, about the proposed Health Security Act and its estimated effect on their businesses.

Our initial publication order was for 150,000 copies which were produced between Sept. 27-29 and delivered to SBA offices and the Department of Commerce and other organizations committed to distributing them, for informational purposes, to small business owners (see enclosure). We have not yet received the Government Printing Office bill for this order but they estimate it to be \$67,000. The Department of Commerce has agreed to reimburse SBA for their portion of the order, about 25,000 copies.

The demand for this information brochure has been very high from our field offices and we have ordered a second printing of 50,000 copies which we expect to receive soon at an estimated cost of \$15,000. We are also making the brochure available for reading and downloading through SBA's On-Line electronic bulletin board. This E-mail service represents no additional cost to the Agency beyond the initial set-up work, which was handled by SBA staff.

In addition we are planning to provide to interested small businesses preliminary estimates of health care costs and coverage under the Health Security Act through a "1-800" information line similar to SBA's existing Answer Desk. To date, we have outfitted a room for this information service with on-hand computers and miscellaneous purchases of related devices such as telephones and a FAX server. All of this equipment will be used within SBA at the conclusion of this information service project.

As you know, health care reform is a complex issue which will have significant effects on small business. I believe it is incumbent on SBA to provide our customers with the most current, accurate and objective information available to us. The Health Security Act brochure, our 1-800 information service, and the efforts of our staff in working on this issue are intended to do just that.

Distribution of brochure—The Health Security Act: Benefits for Business

Department of Commerce	23,800
Congressional Offices (with Commerce)	5,000
SBA Regional Offices	10,000
SBA District Offices	53,000
SBA Branch Offices	6,300
Portland, OR (town hall meeting)	350
Cleveland, OH (town hall meeting)	350
Des Moines, IA District Office	400

New York District Office	400
Houston, TX District Office	500
Houston, TX (town hall meeting)	350
U.S. Coast Guard	400
Other Executive Departments/Agencies	300
SBA Congressional Office	6,100
White House Office of Communications	1,000
White House Office of Public Liaison	4,000
Democratic National Committee	10,000
Mailing to SCORE, SBDCs and WBOs	15,200
(Service Corps of Retired Executives, Small Business Development Centers, Women's Business Organizations) Mailings to miscellaneous small business trade associations	1,200

Costs incurred to date:

Printing (from GPO estimates)	\$82,000
Telephone and headsets	\$5,000
FAX server	\$4,000
FAX lines	400
Phone lines and cabling	\$2,000
FAX machines (2)	\$7,000

¹ Equipment will be retained for SBA use.

THE HEALTH SECURITY ACT—BENEFITS FOR BUSINESS

The Health Security Act preserves our employer-based, privately-financed system of health care. It will control the costs that are hurting American businesses' ability to compete. And it will help small business owners provide affordable insurance for themselves, their employees, and their families.—PRESIDENT BILL CLINTON.

MY FELLOW AMERICANS: Every American must have the security of comprehensive health care benefits that can never be taken away. That's what our health security plan is all about.

America's private sector is known for its ability to create permanent, productive, private-sector jobs, and offers many benefits, including health care coverage, to workers. But that ability has been threatened in recent years by rising health care costs.

The Health Security Act reaffirms an American principle: that our high-quality health care system should be rooted in the private sector and should respond to market forces.

The Health Security Act preserves our employer-based, privately-financed system of health care. It will control the costs that are hurting American businesses' ability to compete. And it will help small business owners provide affordable insurance for themselves, their employees, and their families.

This brochure explains what our health security plan will provide and why we think it is so important.

The battle for health care reform will be fierce. The special interests who benefit from the current system will try to drown out your voice and keep us on a road that will only increase your costs and decrease America's competitiveness.

If you speak out and together we accept the challenge and responsibility, I am convinced that we can provide affordable health care to every American.

BILL CLINTON,

THE AMERICAN HEALTH CARE CRISIS

The crisis

Coverage

One out of four Americans—63 million people—will lose their health insurance for some period during the next two years. Today, more than 2 million Americans lose their insurance each month.

Losing or changing a job often means losing your health insurance, and becoming ill or living with a chronic medical condition can mean not being able to buy insurance at all.

No civilized society can justify this.

Cost

Left unchecked, by the end of the decade, rising health care costs will consume nearly 60 percent of all businesses' pre-tax profit. This spiraling growth in costs robs workers of wages, fuels the federal deficit and puts affordable health care out of reach for millions of Americans.

Complexity

The excessive paperwork now required by the system confuses and frustrates doctors, nurses, patients, hospitals and employers. Bureaucracy drives up costs and takes time away from direct patient care. So it is not surprising that the number of health care administrators is growing four times more quickly than the number of doctors in the U.S.

The response

Security

The Health Security Act provides all Americans with a guaranteed comprehensive benefits package of medical services delivered in hospitals, clinics, professional offices, and community health centers. The Health Security Act provides employers and employees with health care they can afford, regardless of their circumstances.

Savings

Health care costs are rising faster than other sectors of the economy. That rate of growth in health care costs robs workers of wages, reduces business investment capital, fuels the federal budget deficit, and puts affordable care out of reach for millions of Americans.

Simplicity

With a uniform, comprehensive benefits package offered to all Americans, businesses and consumers will no longer be faced with a confusing array of policies and forms. Employers will be relieved of the administrative responsibility for wading through health care plans, negotiating competitive premiums and administering claims. A simple billing format that converts the current paper-based claims process to a computerized, electronic system will cut costs and time.

Examples

Today: Charles, an electronic equipment manufacturer, pays \$420,000 a year for health insurance. He has 130 employees and pays an average annual salary of \$28,600.

Reform: Charles' premium cost will be, at most, \$293,722 (7.9 percent of his payroll), saving him \$126,278. And his employees will have rock-solid, comprehensive health care.

Today: Danita and her husband have a small construction company and they pay \$6,000 a year for health insurance. She and her husband receive an annual salary of \$12,500 each.

Reform: Their premium costs will be at most \$1,100 (4.4 percent of payroll), saving them \$4,900. In fact, Danita could provide insurance for 4 additional employees and their families for what it costs her to insure her family today.

The problem

All Americans, those who have health insurance and those who do not, understand that serious problems exist in the health care system:

Thirty-seven million Americans have no insurance at all. Another 22 million have inadequate coverage.

One out of four—or 63 million—Americans will lose health insurance for some period during the next two years.

Losing or changing a job often means losing insurance. Becoming ill or living with a chronic medical condition can mean losing insurance coverage or not being able to obtain it at all.

Health care costs are rising faster than other sectors of the economy. Left unchecked, rising health care costs will consume almost two-thirds of the increase in the gross domestic product (GDP) for each American for the rest of the decade. Costs are projected to grow from 14 percent of the GDP to 19 percent, even without any expansion of coverage to insure all Americans.

Bureaucracy now overwhelms employers and health providers and drives up costs. Studies show that a significant amount of the cost of running a typical doctor's office or a hospital is administrative.

Quality is uneven. Because no clear standards define best medical practice, lack of information and inadequate attention to prevention make the quality of health care across America uneven. Employers and consumers have no reliable information with which to measure the quality of their health care.

Coverage for long-term care is inadequate. Many elderly and disabled Americans enter extended care facilities when they would prefer to remain at home. Families exhaust their resources trying to provide care for relatives.

Many Americans cannot obtain quality care. In many rural and inner-city areas, shortages of doctors, clinics and hospitals prevent Americans from obtaining quality health care.

Fraud and abuse cheat everyone. Exorbitant charges, fraud and abuse undermine both quality and access to care, and cost \$80 billion each year—nearly 10 cents of every dollar spent on health care.

Everything that is wrong with the American health care system is threatening everything that is right with the system. We must fix the system, while preserving every American's right to choose a doctor and obtain high-quality care, before the system self-destructs.

Small businesses face higher administrative costs

As much as 40 cents of every dollar which small businesses spend on health insurance is consumed by administrative costs.

Firm size and Administrative costs as a percentage of claims by firm size:

1 to 4, 40 percent; 20 to 49, 25 percent; 100 to 499, 16 percent; more than 10,000 5.5 percent.

WHAT IS THE HEALTH SECURITY ACT?

Overview

The Health Security Act will guarantee comprehensive health coverage for all Americans and legal residents, regardless of health or employment status. Health coverage will continue without interruption whether Americans change or lose their jobs, move, become ill or confront a family crisis. An employer's ability to afford premiums for all their employees is not dependent on the health status of a single employee.

The Health Security Act builds on our current employer-based system and asks all Americans and their employers to take responsibility for their health coverage. In return, they will have the security of knowing that they will always be covered.

The Health Security Act organizes the private market for health insurance to create incentives for health plans to compete on the basis of quality, service and price.

How It Works

The Act builds on our employer-based, privately financed system of health care. Employers and consumers will band together in large purchasing pools to strengthen their bargaining power in the marketplace. Health providers will be forced to compete for business, leading to lower prices and improved quality. This will shift the power of the marketplace in favor of employers and their employees.

Everybody's Role

Implementation will be managed at the local level by employers, employees and the states. This will create flexibility at the state level for employers and employees to design and control the local health care system. An Independent National Health Board acts as the board of directors for the health care system, setting national standards for comprehensive benefits, quality and cost. Health plans must meet national standards on coverage, quality, and access to care, communities will tailor the new system to local needs and conditions, opening the way for local innovation within a national framework.

How Will the Cost of Health Premiums Be Paid?

Employers

Under reform, employers contribute 80 percent of the insurance premiums, calculated on the weighted average premiums among health plans in their area.

Under the Health Security Act, employer contributions for insurance premiums are capped at 7.9 percent of payroll. The cost of providing health coverage declines for most firms that currently provide insurance. Smaller businesses (those with fewer than 50 employees) with low wages will receive discounts of between 30 percent to 80 percent compared to what the average big business pays.

Employees

Employees pay the difference between the employer contribution and the premium of their chosen health plan. If they choose a plan that charges an average premium, they may pay up to 20 percent, unless their employer chooses to make a higher contribution.

How Employees Participate

Every employee will receive their own Health Security Card which will provide access to high quality, comprehensive health care that can never be taken away.

Caps on employer contributions (Average wage in thousands of dollars)

	Percent
\$0 to \$12	3.5
\$12 to \$15	4.4
\$15 to \$18	5.3
\$18 to \$21	6.2
\$21 to \$24	7.1
\$24 plus	7.9

Small Firms (fewer than 50 workers): Caps are placed on their premium contribution ranging from 3.5 percent of payroll to no more than 7.9 percent, depending on the average wage of that firm.

Large Firms (more than 50 workers): Not required to pay more than 7.9 percent of payroll for their employee's premiums.

Employer contributions are limited to a percent of their payroll costs, depending on their size and average wage. Government subsidies cover the remainder.

BENEFITS FOR BUSINESS

Reduces the cost of insurance for employers

The Health Security Act will reduce most employers' direct out-of-pocket costs, because it:

Guarantees that no employer in a regional alliance will pay more than 7.9 percent of payroll (in many cases, employers' actual

premium costs will be below 7.9 percent of payroll and the cap will act only as a ceiling on costs);

Offers greater discounts (30% to 80%) to the smallest businesses and to low wage employees;

Increases the buying clout of small- and medium-sized companies through their participation in health alliances;

Ends insurance abuse: no more occupational redlining, restrictions on pre-existing conditions, or discrimination against small businesses;

Allows larger employers to continue to manage their own health care insurance programs;

Reduces the burden of early retiree health care costs by supporting the employer's share of early retiree premiums; and

Reduces the health care premiums for workers' compensation.

Increases consumer awareness of the cost and quality of health-care.

Reduces the administrative burden on businesses

Today, businesses face an avalanche of forms and a bewildering array of rules and reviews. Little wonder, then, that the number of health care administrators is growing four times more quickly than the number of doctors in this country.

The Health Security Act will eliminate much of the administrative burden of providing health care coverage, because it:

Provides a single, comprehensive benefits package, eliminating the need for time-consuming annual reviews of benefits packages;

Establishes regional alliances which will enjoy tremendous economies of scale and which will assume much of the administrative burden currently borne by businesses;

Consolidates reimbursement and claims submissions into a simple, easy-to-use format; and

Includes the health care portions of workers' compensation and auto personal injury.

Finances the new system responsibly and fairly

The present system is inequitable and unfairly penalizes companies currently providing health insurance to their employees. The Health Security Act seeks to lift that burden.

The Health Security Act injects fairness into the system, shifting power in the marketplace in favor of employers and their employees:

Today, employers who insure their employees bear a large "cost shift," amounting to \$25 billion, from the uninsured. Under reform, that burden is lifted.

Today, in many cases, one employer pays the entire insurance bill for a family, while the employer of a worker's spouse pays nothing at all. Under reform, the costs for families are spread over all firms.

As in the private sector, the growth in major government programs, including Medicare and Medicaid, will be restrained.

If the savings attained through effective competition, reductions in administrative costs, and controls on public spending don't achieve the spending goals, there will be, as a backstop, a limit on the rate of increase in premiums. This brings to health care spending the kind of cost discipline which is commonplace in business.

Maintains the Best Features of the Current System

While the current patchwork of health care coverage is expensive and cumbersome, portions of the current system do provide important benefits to the business community and ought to be retained.

The Health Security Act recognizes the value of important features of the current system. The act:

Offers consumers a choice of at least three types of health plans, one of which must enable employees to choose their own doctors;

Continues to make employer premium payments tax-deductible to employers;

Continues to exclude employer premium payments from an employee's taxable income; and

Allows employers with 5,000 or more employees who self-insure to continue to manage their own plans.

Increases a Company's Ability to Attract and Retain Quality Employees

Under the Health Security Act, businesses of all sizes will enjoy all the benefits of an insured work force; less absenteeism, decreased turnover, fewer errors and a reduced need for training. Each of these elements translates into reduced costs.

By offering comprehensive health care benefits, smaller businesses will be better able to compete for qualified workers.

ADDITIONAL BENEFITS FOR SMALL BUSINESS

The plan is phased in over a period of years as the cost of health care is brought down.

The plan provides caps and discounts to hold down the cost of health insurance so that small businesses can afford to provide their employees with comprehensive, real insurance coverage. In most cases, employers' actual premium costs will be well below the caps, which serve only as a ceiling on premiums.

The plan calls for a significant percentage of the cost of insurance to be paid by the employee so that the employee has the same incentive to hold down the cost of health care as does the employer.

The plan calls for employees to pay more if they choose more expensive health plans so that the employee has a strong incentive to choose economical provider groups.

The plan is combined with the health portion of workers' compensation and brings this skyrocketing expense under control.

The plan enables the self-employed to deduct 100 percent of the cost of health care coverage from their taxes.

The plan removes all the hassle that small business now has to go through in dealing with insurance companies, and frees up valuable time for the small business owner to manage and grow their business.

The plan removes all of the abuses that are currently so rampant in the health insurance marketplace. If one worker in a small business, or a worker's dependent, becomes seriously ill, the business will no longer see astronomical rate increases or lose coverage for the sick employee or dependent.

The plan controls the future rate of growth of health care costs so that the rate of increase of health insurance costs in the future will increase by approximately the rate of growth of wages, as opposed to the skyrocketing costs that small businesses have incurred in the past.

Most importantly, small businesses get rock-solid comprehensive coverage and a guarantee that they will never be in danger of losing insurance again.

And each small business will have a happier, healthier, more productive work force.

QUESTIONS AND ANSWERS

Q. My company already offers health insurance that provides low cost, affordable care. Will it be able to continue and will I be able to remain outside of the health alliance?

A. As long as they adhere to national standards for choice, quality, and comprehensive affordable care, companies with more than 5,000 employees will be able to act as their own health alliances. As the regional alliances prove their ability to reduce costs and provide high-quality health care,

larger companies will have the opportunity to join the regional alliances.

Q. I provide a generous health care plan today. Won't this plan require me to provide my employees with reduced benefits?

A. No. Your employees will have a choice among plans which offer the nationally guaranteed benefits package, and you will be able to provide your employees with whatever additional health care benefits you would like.

Q. This plan sounds complicated. Isn't it really going to drive up my administrative costs?

A. No. Health care is admittedly a complicated subject. But today's health care system is vastly more complex than this plan. Administrative costs now consume a large portion of what all businesses pay for health care. One of the goals of this plan is to reduce this burden. The plan achieves significant administrative simplification by using: one comprehensive benefits package, a single, standard form for insurance reimbursement claims submission; and economies of scale for businesses pooled in the alliance.

Q. Doesn't this plan eliminate the tax benefits which I have today?

A. No. Health care premium payments will continue to be tax-deductible for employers and will not be included in your employees' taxable income. If you offer your employees more generous benefits than in the nationally guaranteed benefit package, your premium contributions will continue to be tax-deductible for 10 years, as long as that plan was in force at the beginning of 1993.

Q. I'm afraid that the new system will not really control costs—how can I know that it will?

A. In the last five years, health care costs for employers have risen almost 15 percent every year. Small business costs have risen even more rapidly. That's why a tough approach to controlling costs is a cornerstone of the Health Security Act. Providing health care and a comprehensive benefits package to every American will cut the cost of uncompensated care. Stimulating competition, increasing consumer awareness of the cost and quality of health care, streamlining administration, and changing workers' compensation and auto-insurance health coverage will dramatically reduce costs nationwide. In addition, premium increases in the whole system—including Medicare and Medicaid—will be limited as a backstop to contain costs. This will bring to health care the kind of discipline which is commonplace in business.

Q. My company operates in a number of different states. Today, I provide health benefits for my employees through one system. Under reform, will I have to change the way my employees get coverage?

A. No. Large employers will be free to operate as their own alliances, as long as they adhere to national standards for choice, quality, and comprehensive, affordable care. Small groups of employees in distant locations, however, will have the opportunity to receive health care through the local regional alliances if that is more convenient and cost-effective.

Q. Can we be confident that this plan had been analyzed rigorously and that the financing is reliable?

A. Yes. At the very beginning of this process, the President brought together some of the best minds in the country to help design a financing package for health care reform. The numbers and analyses that underlie the President's proposed plan for health security represent months of rigorous work by experts from various federal agencies for the first time. An outside group of economists and actuaries audited the work that was done, and examined and validated the costs

and savings projections. These cost and savings projections are solid, credible and conservative.

Q. My company is a large manufacturer experiencing very difficult international competition. Won't this plan add to my costs and make us even less competitive?

A. In fact, just the opposite is true. Today, many U.S. companies operate at a disadvantage in global competition, in part because of the costs of their health insurance. This plan is designed to get costs under control by increasing competition among health providers, increasing consumer incentives to reduce costs, reducing administrative waste, and imposing discipline on both private and public health care spending. Without this disciplined approach to cost control, your health care costs will continue to spiral out of control and make your competitive position even worse. The plan also lifts the burden of early retirees from your company. Generally, the plan was specifically designed to help control your costs and compete globally.

Q. I have heard that health care reform will drive thousands of small companies like mine out of business. How will my business be protected?

A. The Health Security Act was designed specifically to protect small businesses and help them make the transition to a system that guarantees their families and employees the health security they deserve. Businesses will pay no more than 7.9 percent of their payroll for health care. Most businesses' actual premium costs will be less than the 7.9 percent cap, which serves only as a ceiling on premium payments. Smaller businesses (those with fewer than 50 employees) with low wages will receive discounts of between 30 percent to 80 percent compared to what the average big business pays. Most businesses that provide insurance today will enjoy significant cost decreases. Businesses with insurance today will enjoy affordable health insurance for the first time ever, costing as little as a dollar per day for low-wage employers.

Q. I am a small business owner who now buys insurance for my family and my employees. What will this reform do for me?

A. Health care reform will lower costs for most small businesses that now provide insurance to their employees. Today, you pay 35 percent more for your insurance than the big companies do and your premiums increase at a rate more than 50 percent greater than theirs do. After reform, small businesses with low wages will pay between 30 percent and 80 percent less than the average big business. The Health Security Act will control costs, cut the administrative waste and paperwork that drive your premiums up, and make insuring your employees easier and more affordable. Small employers and others will join together in a health alliance to get the same bargaining power in dealing with health plans that large companies enjoy today. In addition, you and your family will gain the security of knowing that you will never lose your insurance coverage.

Q. I own a small business and can't afford to give my employees health insurance. What will this plan do for me?

A. Small business owners already risk enough; they shouldn't have to go without health insurance coverage, endangering their families' health security. Most small businesses today provide their employees with health coverage. Most of the rest would like to provide that benefit but find it impossible in a health insurance system that discriminates against them. The Health Security Act will help small businesses provide insurance to employees at affordable prices through these steps: controlling costs and making insurance more affordable; regulating insur-

ance companies and prohibiting discriminatory pricing against small firms; and offering discounts to small companies and their employees. In the future, many small business owners could be able to provide health insurance for themselves and their employees for less than they pay for their family premiums today.

Q. I am self-employed. Will I start to have the same tax advantages as big companies?

A. Yes. Today, the self-employed can deduct only 25 percent of the cost of their health care premium from their taxes while other employers can deduct 100 percent. In the future, self-employed people will be treated fairly and be able to deduct 100 percent.

Q. Won't I continue to be at a disadvantage to larger companies in the purchase and administration of my health care?

A. No. By pooling with other employers in the regional alliance, you will enjoy the economies of scale in the purchase and administration of health care that only the largest employers have today. You also will be able to provide your employees with a health plan equivalent to what the biggest corporations offer today, without being excluded for pre-existing conditions. You also may enjoy the benefit of discounts for both you and your employees which will not be available to the corporate alliances.

Q. I employ lots of part-time workers. Will I be required to pay for all of their health care?

A. No. Businesses will be required only to pay a prorated share of the employer portion of the health care premium for part-time workers. Businesses will be required to pay nothing for the health care of part-time workers who are full-time students and who are under the age of 23.

Q. My company hires independent contractors to perform many services for us. Will I be required to pay all the costs of their health care?

A. No. Truly independent contractors are considered self-employed and will be responsible for all the costs of their own health care, i.e., both the employer and the employee portion.

Q. How will my workers' compensation costs be affected?

A. Medical treatment for workers' compensation claims will be provided through the alliances and will enjoy the alliances' cost benefits. As a result, premium rates, fraud and excessive utilization all will be dramatically reduced.

For more information

Contact: U.S. Department of Commerce, 14th and Constitution, Washington, DC 20230. Attn: Health Security Act or the U.S. Small Business Administration, 409 Third St., SW., Washington, DC 20418. Attn: Health Security Act.

Mr. DOMENICI. Madam President, the SBA was very forthright. We asked them for that information, and they gave it to us. I am not trying to get the information. I have it. I have the brochure.

I thank the Chair. I yield the floor.

Mr. SHELBY. Madam President, are we in morning business?

The PRESIDING OFFICER. That is correct.

GULF WAR SYNDROME

Mr. SHELBY. I rise today to report to the Senate a startling development concerning the health of veterans who served in the Persian Gulf theater of operations.

As chairman of the Senate Armed Services Subcommittee on Force Requirements and Personnel, I have been closely following the deteriorating condition of the health of thousands of U.S. citizens who served in the Persian Gulf conflict. I held a hearing on June 30 in the Senate during which both active duty and members of our reserve forces testified about what has come to be known as the gulf war syndrome. At that hearing, two reservists testified that they believe they were subject to some sort of chemical attack in the early days of the war with Iraq.

I followed up on this hearing with extensive talks with the Department of Defense and was briefed by officials of the Joint Chiefs of Staff and the Army on the allegations of possible chemical attack. They contended then, and continue to argue now, that our forces were not subject to any type of chemical or biological warfare during the Desert Storm and Desert Shield campaign. They also dismissed assertions by the Czech Defense Agency that that organization detected low-level chemical radiation during the gulf war.

Madam President, however, a memorandum written by an environmental physician at the Department of Veterans Affairs Hospital in Tuskegee, AL, may refute all assertions of the Department of Defense. Yesterday, October 27, Mr. William Kay, a member of the Naval Reserve Construction Battalion 24, who has been sick since his return from the gulf, visited Dr. C. Jackson at the Tuskegee VA medical facility to receive instructions to the VA claims office for his disability claim. Dr. Jackson has seen a large number of gulf war vets in the region.

I have a copy of this memorandum. I ask unanimous consent that this be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Department of Veterans Affairs, Oct. 27, 1993]
MEMORANDUM

From: C. Jackson, M.D., Environmental Physician, V.A. Tuskegee, Ala.
Subject: Disability Claim—Persian Gulf.
To: V.A. Claims office.

Mr. William Kay, ss# 260-62-6468 has been followed by the V.A. Hospital in Tuskegee since his return from the Persian Gulf. He is a member of He has experienced shortness of breath, excessive fatigue, diarrhea (intermittent), night sweats, memory problems and joint pains since the Gulf War. He was a member of the Construction Battalion 24 which was stationed at Al Jubayl in the Gulf. We have given him the diagnosis of Persian Gulf Syndrome and Chemical-Biological warfare exposure. He had none of these symptoms prior to the Gulf.

If we can be of further service, please notify.

C. JACKSON, M.D.

Mr. SHELBY. Madam President, I want to read from this memorandum. It states:

Mr. William Kay, ss# 260-62-6468 has been followed by the V.A. Hospital in Tuskegee since his return from the Persian Gulf. He has experienced shortness of breath, exces-

sive fatigue, diarrhea (intermittent), night sweats, memory problems and joint pains since the Gulf War. He was a member of the Construction Battalion 24 which was stationed at Al Jubayl in the Gulf. We have given him the diagnosis of Persian Gulf War Syndrome and Chemical-Biological warfare exposure.

I repeat, "Chemical-Biological warfare exposure." He had none of these symptoms prior to the Gulf.

Madam President, from the beginning I have tried to look at this entire situation as other Members of the Senate have, rationally and logically. I have met with Jesse Brown, Secretary of the Department of Veterans Affairs, and with numerous officials at the Department of Defense. I have worked with my good friend, Senator RIEGLE of Michigan, on an amendment to the Department of Defense authorization bill that would provide \$5.7 million to research the gulf war syndrome. I want to continue to work with the executive branch on this vital issue.

However, the statement made in the memorandum I have just had printed in the RECORD cannot be ignored. We have a qualified medical physician making a diagnosis that a Persian Gulf veteran suffers from chemical-biological warfare exposure. I have contacted the Department of Defense and the Department of Veterans Affairs and will be meeting with them next week to receive their views on this issue. I will state now that the VA and the Department of Defense had better not reject this diagnosis out of hand. I recall similar statements concerning Agent Orange during the Vietnam era and thereafter.

Madam President, I mentioned earlier that the Czech Defense Ministry had reported the detection of chemical agents during the gulf war. It is my understanding that the Czech's have sent the Department of Defense a written report on their findings. I have been informed that, based on preliminary findings, the Department believes that there is little likelihood of a connection between the Czech readings and the gulf war illnesses because of low concentrations of readings, the locations of the agents and the prevailing winds.

I have asked the Department of Defense for a copy of this report that I will share with the Senate. They are in the process of reviewing the data and expect to make it available in the near future. Again, I take this opportunity here in the Senate this afternoon, to suggest to Secretary Aspin that the quicker the Department of Defense makes this information available the better. After the Senate recesses this year, I intend to meet with Czech officials personally in Prague and others. In the meantime, I expect a full accounting of these issues from the Department of Defense and the Department of Veterans Affairs to the Senate of the United States.

The PRESIDING OFFICER. Who yields time?